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JOBS IN CITIES.

THE request that I prepare a brief paper on Jobs in Cities brings before me a field large in extent and prolific in material. A volume would cover only a small part of the subject ; for nearly all the very large corporate undertakings in the United States during the past twenty years have had in them more or less of the corrupt political and financial elements which the public have come to sum up in the word "job." What I must do, therefore, is to confine myself chiefly to such jobs as have come under my own personal cognizance in connection with some participation in municipal reforms, and more especially with the New York anti-monopoly organization, of which I have the honor to be chairman.

The main purpose of the anti-monopoly movement is to resist public corruption and corporate aggression. Anti-monopolists have no war with honest corporations. These are simply forms of coöperative enterprise ; and in coöperative action lies the solution of the disputes between capital and labor.

The anti-monopoly organization was founded by Peter Cooper, F. B. Thurber, and others. The abuses which specially appealed to these gentlemen were transportation extortions and fictitious capitalization. For instance, there had just been a very bountiful harvest in Kansas. As soon as this fact became apparent to the managers of the leading railways, they raised their rates of freight from a tariff to a tribute, and extorted a million and a half of mere highway spoils from that one harvest in one locality. This was the brigandage of the Middle Ages revived in a new form. At about the same time Commodore Vanderbilt injected forty-seven millions of dollars in "water" into the capital of the New York Central and Hudson River roads. Interest and dividends

on that inflation have since been levied on labor and production, in increased freight charges.

An illustration of the manner in which honest industry is made to pay tribute to financial freebooters arose in the conduct of our elevated railways, which official investigation by the railway commission of the State has shown to have cost eighteen millions of dollars, but the stock of which has been watered nearly a hundred and twenty per cent., that is, to the extent of twenty-one millions over the true cost. The report of the commission demonstrated that the roads could be run at a handsome profit on the basis of a five-cent fare, if their directors had not resorted to this monstrous stock inflation.

Even these instances are a mere bagatelle in contrast with the sum-total of railroad stock-watering, of which they form a part. The railways of the United States, to-day, represent about four thousand millions of dollars in purely fictitious capital.

The original idea upon which public franchises were granted, for railroads, gas companies, and other similar undertakings making use of public highways, was, that they were a sort of partnership between the public and capitalists, the people granting the right of way and the capitalists constructing the works, upon the cost of which they were entitled to receive a fair return for their investment; but when this had been received the public was to come in for its share, in the form of decreased charges for the service rendered. The general railroad law of this State recognizes this principle by specifying that when receipts exceed ten per cent. upon the "capital actually invested," then the Legislature may reduce charges so that they will yield not more than ten per cent. The purpose of stock watering is to evade the laws, and to cheat the public out of its share of profits in great corporate enterprises. It cannot be too clearly remembered that in all enterprises existing by virtue of a public charter, and doing business by using public highways, the public is a partner therein and entitled to its share of profits, without sharing in the possible losses of the undertaking, for the reason that the promoters seek these privileges and receive their share of the profits first, and it is only what is "left over," as it were, that belongs to the public.

The Broadway Surface Railroad job—or the "Broadway steal," as it is popularly termed—is the most conspicuous recent illustration of corporate and municipal corruption. I can speak of it

definitely, as the Anti-Monopoly League was a chief agent in exposing and defeating it.

The league commenced unearthing this job in 1884. On the 30th of August, in that year, the franchise for constructing the road had been granted by the Board of Aldermen to Jacob Sharpe, under exceedingly suspicious circumstances,—the Mayor having vetoed the grant. There had been several large bids for the franchise,—one of a million dollars. When, in spite of all this, and in opposition to the Mayor's veto, the Board of Aldermen held an anomalous meeting at nine o'clock in the morning and made Sharpe a present of the grant, only one conclusion could be reached. No one at all conversant with the way in which corporations obtain legislation had any doubt that the aldermen were controlled by bribery.

On the 17th of September (shortly after the job was consummated), the Anti-Monopoly League held a meeting, calling public attention to the reputed bribery and corruption, and appointed a committee to take further action. On the 17th of February, 1885, another meeting of the league was held, and resolved that a formal demand should be made on the Legislature to appoint a committee of investigation.

One of the members of the league committee spent much time at Albany during the session of 1885, in connection with the "gas fight." While there, he made several attempts to procure the appointment of the investigating committee. But the Legislature of 1885 was a notoriously corrupt body, and was completely under the control of the railroad lobby; consequently, our attempts failed. Nevertheless, they served to keep public attention alive. In December, the Anti-Monopoly Railroad Commissioner, Mr. O'Donnell, offered a resolution, in the Board of Railroad Commissioners, that the commission should use its authority to investigate the Broadway Surface Railroad corruption. *Mr. O'Donnell's resolution was voted down by the other two commissioners.* But still we did not give up. The league made a public announcement that the organization would persist in its purpose with the new Legislature (that of 1886), which was then about to open its sessions. After much effort, the Railroad Committee of the Senate at last ordered an investigation, the consequences of which have led to the exposure and arrest of the corrupt aldermen, and to some little reparation to the public.

One of the "city fathers," at least, has gone to state's-prison, and the charter of the road has been revoked.

I have touched upon this now familiar job first, partly because it presents one of the most delicate and difficult tasks the anti-monopolists have ever undertaken, and partly because it is an excellent specimen, in all its details, of the average bargain between business adventurers and venal politicians to plunder the public. Mixed in it were politicians of high and low degree; men of national reputation; merchants supposed to be of unimpeachable integrity; lawyers in good standing; all these, and with them certain ostensible "reformers" and "reform newspapers." Sharpe had an understanding with a Philadelphia "ring," by which they were to be taken into his scheme, on a specified basis, after he had secured the charter. Sharpe purchased his aldermen, got the charter, and then turned his back on the Philadelphians. Then, those injured parties raised a vigorous hue and cry of "fraud, bribery, and corruption," the object of it being to frighten Sharpe into carrying out the original agreement. A part of the plan was to secure the appointment of a legislative committee of investigation—such a committee as would not investigate too far, but just far enough to make the faithless Mr. Sharpe divide his spoils.

The purpose of the Anti-Monopoly League was also to secure an investigating committee, but one that would be inflexible in exposing the swindle. How to proceed in this direction, without defeating ourselves and furthering the investigating scheme of the Philadelphia syndicate, was the peculiar and risky feature of the work. But, with the aid of the leading New York newspapers, and the special co-operation of Hon. A. C. Comstock of the Senate, a plan of campaign was arranged which proved successful.

Another New York city job of the most outrageous character was the attempt to set on foot "The Cable Road Grab." In this projected conspiracy against the people, the interested parties sought to secure, without payment, the use forever, of some seventy miles of the streets of New York. There was to be absolutely no compensation whatever for all time for the franchise, which had never been estimated as worth less than five millions of dollars for a limited term of years. The detectives employed by the Anti-Monopoly League reported that a railroad ring had been formed among the aldermen themselves, and that they would certainly

put the job through. This report proved to be correct. The board did "put it through" by a nearly unanimous vote. But the league, being thoroughly prepared for this contest, took it up immediately. With our attorney, Augustus A. Levy, it was made my business to appear before the mayor. Carefully considered arguments were presented, urging a veto. The veto followed, Mayor Grace adopting precisely the positions set forth in our pleas. The next step was to procure an injunction against the Board of Aldermen, to prevent them from passing the franchise over the Mayor's veto. On the application of our attorney, the injunction was granted by Judge Lawrence. It was argued before him by a strong array of anti-monopoly counsel and was made permanent.

In the meantime, what was commonly called "the Cantor Bill"—an act to compel the selling of public franchises at public auction to the highest bidder—was pending before the Legislature. The Anti-Monopoly League took a deep interest in this act, as it finished up the branch of work in which we had lately been engaged in such a way as to cover all future cases. As soon as Judge Lawrence granted the injunction, we sent a letter to the members of the Legislature, urging immediate action on the Cantor Bill. The chairman of the league also went to Albany, and pressed the passage of the bill.

The first piece of public jobbery that I had a hand in resisting was thirteen years ago. It was the job, in 1873, to tear down the Tombs, and build a new city prison. The projectors of this job had intended to make the structure another heap of pillage, like "the Tweed Court-house." It would have cost the citizens of New York from five to ten millions of dollars, according to the ultimate audacity of the jobbers. That scheme was defeated by the opposition of five determined men, who procured an injunction, and brought it to public attention in a manner so pronounced that the plotters abandoned their scheme.

There has recently been a struggle against the gas monopolists of our great city. The New York gas companies have invested a little more than eleven millions of dollars, actual capital, in the gas business; but they have added nearly *thirty* millions of fictitious capital to the actual investment. In other words, they have charged so much for gas that their profits would oblige them to declare annual dividends of twenty-four and a quarter per cent. on

their principal ; but, by selling eleven millions of their stock—to themselves—for thirty-nine millions, they can *call* the dividends seven per cent. Then, in some years, they have been easily able to afford the purchase of enough legislators, at Albany, to make such practices continuous. The stockholders of the New York Gas Company put \$750,000 into their business. They took out of it more than fifteen millions—or nearly ten millions in excess of ten per cent. annual profits—and *then* had more than seven and a half millions of stock in hand, to issue at par ! Under this arrangement they recently entered a new “consolidation.”

To resist such intolerable impositions, a Gas Consumer’s Association was organized. The Anti-Monopoly League was also put into the service. After two seasons of hard work, in the face of misrepresentation, corruption, and personal denunciation, these organizations forced the issue to what seemed a successful conclusion. A state act was passed, providing for the incorporation of new gas companies, under restrictions preventing stock inflation, carefully fixing the quality of gas, and introducing what is known as “the English sliding scale ;” which means a decrease of cost to consumers as a company prospers. By another bill a gas commission was created, bringing all gas companies under the people’s supervision, and justly regulating those public servants in the public interest. The cost of the commission was made a charge on the companies, the amount having been computed at less than one cent. per thousand feet of the gas sold. Still another bill was passed, limiting the price of gas in New York city. It has been said that the manner of appointing the commissioners under the gas commission bill was not in accordance with the political aims of his Excellency the Governor. Whether this statement is true or not, he vetoed the Gas Commission Bill, and signed the other two. In its practical aspect, this course was the same thing as instituting a law against swindling, and then refusing to empower any one to execute it. The governor’s veto has not been kindly received by the people and the press, but has received the marked approval of the gas monopolists. One reason may be that, in his veto, the governor complained of the bill as “investing the commission with power to destroy property amounting to many millions.” By the much-abused word “property” he referred, of course, to the fictitious capital, or “water,” which the gas companies had added to their real capital. But the commis-

sion could not have destroyed even this false property, except by preventing it from swindling the people beyond the point it had already reached.

Is it not a remarkable sign of the moral obliquity of the times that the Governor of the Empire State, in vetoing the Gas Commission Bill, which would have made legislation for gas consumers effective, treats watered stock as "property" entitled to his special protection?

The "biggest job," as well as the largest project, now under way in any city of the United States, is probably that of The New Aqueduct, which is to be the main source of our New York city water supply.

The New Aqueduct is to be thirty-one miles long. Through ten miles of this area nature has furnished a solid rock bottom, perfectly water-tight, and much better than any artificial bottom that could possibly be constructed. Yet the Board of Aqueduct Commissioners has voted to line the entire aqueduct with brick, bottom and all, including the ten miles already lined with the best of natural stone. Controller Loew opposed this worse than useless expenditure, intended wholly for the benefit of political corruptionists, but the job has been sustained by the majority of the Board. When the matter came up, the Controller offered a resolution that the work be done as any sensible business man would do it for himself; that is, that the aqueduct be lined only where necessary. The resolution was voted down, Mayor Grace alone sustaining the Controller. Judge Spencer, the Tammany member of the Aqueduct Commission, then offered a resolution that the whole structure receive the brick lining. The resolution was passed, the Mayor and the Controller voting against it. In the passage of this little resolution, the people of New York city were put to an unnecessary expense of *a million and a half of dollars*, in order that the contractors and, indirectly, a political ring, might profit by it.

In order, however, that the ring might not be troubled with such "factious opposition" to future jobs of the kind, the ring decided to legislate the inconvenient Mayor and Controller out of the Board of Aqueduct Commissioners, although they were the chief representatives and the only safeguards to the city, for whom the aqueduct is being constructed. The bill was therefore introduced in the Legislature, swiftly passed—"kissed through," as it is termed

by Hon. Timothy J. Campbell, which is the technical name for a corrupt bargain between political managers of both parties—and was signed by Governor Hill, with full knowledge of its effect and bearings, and in the face of a protest signed by many thousands of influential citizens of New York.

The estimated cost of The New Aqueduct is fifteen millions of dollars ; but such extras are to be counted upon as political expediency may demand, and what the actual cost will be only the end will show. The “Quaker Dam” is one of these “extras.” This structure, as all the experts know, will be entirely useless for the next fifteen or twenty years ; but, as it will cost from twelve to fifteen millions of dollars, if built as it ought to be, the contractors and their “partners” are very anxious to have it built at once.

Among the most prominent and influential of these contractors are Messrs. Clark and O’Brien, Mr. O’Brien being chairman of the Democratic State Committee and also the political special manager and henchman of Governor Hill. The opinion now and then escapes the intimate friends of these gentlemen that the “aqueduct job,” if “handled for all it is worth,” will furnish the financial sinews (or what they briefly term “the party boodle”) to make Mr. Hill the next President of the United States.

The work on the aqueduct is supposed to be given out to the lowest bidder. One precarious section of it, under the Harlem River, was allotted some time ago to Messrs. Clark and O’Brien, at an allowance of \$50,000 more than the lowest bid, for fear that the lowest bidder might not do the work well. But it was immediately sub-let to this lowest bidder, and the difference pocketed. That \$50,000 could easily go into the presidential fund, the city alone being the poorer thereby.

In the single item of “filling in slopes” by one contractor in one month, the Controller recently found an overcharge of \$5,000. He declined to pay it, and the issue went before the City Attorney, who sustained the refusal. And now the whole matter of filling in such slopes is to be gone over if possible. In a project that may involve an outlay of forty millions of dollars, there is no telling how many of these millions will go to the spoilsmen.

My brief sketch of Jobs in Cities has this moral : Almost anything can be done to protect public interests and clean out the pigsties of political corruption, if intelligent and determined citizens

will simply get together and see that the work is done. The Anti-Monopoly League has already demonstrated this truth. But, until citizens generally will organize and take an active part in public affairs, they may as well settle down to the expectation that they will be perennially robbed, and then defied and laughed at.

FERDINAND SEEGER.